

SEC15

Message

From: Ted Livingston [ted@kik.com]
Sent: 1/27/2017 3:13:44 PM
To: Kik Board [board@kik.com]
CC: Derek Lebert [Derek.lebert@kik.com]
Subject: Kik Board Deck

Hi All,

Please see attached for the board deck for our meeting Wednesday next week.

With no bids coming out of the process, and a continued decline in our metrics, we are in a precarious position, to say the least. Therefore, I would like to spend the majority of the meeting discussing the options to extend our runway. I will also have Credit Suisse come in to discuss their view of the process.

We will also take some time to discuss two bright spots. One is Tel Aviv, which is proving to be a very competent and experienced team, and the other is public groups, which initial data is showing to have a fairly exciting impact on the number one metric that drives growth.

Please make sure to review the board deck ahead of time so that you are prepared for the discussion.

Ted

--

e: ted@kik.com

k: ted

EXHIBIT

28

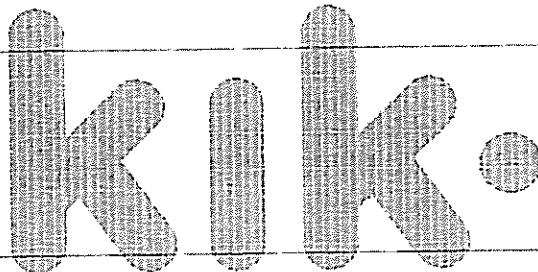
19-cv-5244-AKH

EXHIBIT

12B

tables*

No 13388



FOIA CONFIDENTIAL TREATMENT REQUESTED

KIK_FOUNDATION_CAP_005705

Board Meeting - February 1, 2017

Join 9954894090178 at kik.vidyocloud.com using any of the following options:

- To join from your desktop or mobile device, please click here
<https://kik.vidyocloud.com/flex.html?roomdirect.html&key=cnu7ES430D>
- To join from a telephone using VidyoVoice, dial the following number: (800) 208-0751 x 9954894090178

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FOIA CONFIDENTIAL TREATMENT REQUESTED

KIK_FOUNDATION_CAP_005707

Agenda

1. Introduction - 5 min
2. Board Approvals - 10 min

3. Credit Suisse - 20 min
4. Main Discussion
 - Metrics - 5 min
 - Two bright spots - 10 min
 - How do we extend runway? - 120 minutes

5. Executive Discussion - 10 minutes

Total: 3 Hours

3 KIK

FOIA CONFIDENTIAL TREATMENT REQUESTED

KIK_FOUNDATION_CAP_005708

FOIA CONFIDENTIAL TREATMENT REQUESTED

Biology Across the Curriculum

Prior Meeting Minutes

See Appendix #1, 2 & 3

Approval Required: Approve minutes from November 2, 2016, November 10, 2016, and December 7, 2016 meetings

5 KIK

409A Valuation

409A Valuation of \$9.34 USD per Common Share post-Rounds

~~See Appendix #4 for report~~

Approval Required: Management proposing to reduce exercise price to \$10.00
USD

6 

Kik Tel Aviv

Need to develop Board for entity in Israel, currently named Zlatan Ltd. ("Zlatan")*. Ted & Peter are only two current Board Members of that entity.

Approval Required:

Appoint Dany Fishel as an Officer of Zlatan

Approval Required:

To ratify Ted Livingston to the Board of Zlatan

* Process to change name from "Zlatan Ltd." to "Kik Interactive Israel Ltd." is underway and requires regulatory approval

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Cheque Signing & Wire Authorizations

Approval Required: Update Cheque Signing authorities & limits as recommended below

- Update cheque signatories:
 - CEO, CFO
 - Director, Finance
 - Controller
 - Manager, Finance
 - Manager, Administration
 - President, Kik Israel
- Cheque Signing 2 Signatures Required
 - < \$5k USD or equivalent - Any two signatories
 - <= \$50k USD or equivalent - Two signatories, one must be CEO, CFO, or President, Kik Israel
 - > \$50k USD or equivalent - Two signatories, two of CEO, CFO & Director, Finance
- Wire Payments
 - Wire prepared by Finance Team & approved by Director, Finance
 - Compensating Control: All wires approved according to Cheque Signing Limits before final transmission of wire

8 

FOIA CONFIDENTIAL TREATMENT REQUESTED

KIK_FOUNDATION_CAP_005713

Redacted

9 KIK

FOIA CONFIDENTIAL TREATMENT REQUESTED

KIK_FOUNDATION_CAP_005714

Executive Option Grant

As discussed at December 9, 2017 option committee

- In lieu of an annual salary increase, the following individuals have been recommended for an option grant
- Additional Erin Clift option grant of 6,000 to recognize her additional responsibilities

Name	# of Options	Exercise Price**	Vesting Period	Vesting Start Date
Erin Clift	4,000	\$15.00	3-year, No Cliff	1-Jan-17
Erin Clift	6,000	\$15.00	4-Year Cliff on Original Start Date	1-Jan-17
Christina MacDonald	3,000	\$15.00	3-year, No Cliff	1-Jan-17
Christopher Best	4,000	\$15.00	3-year, No Cliff	1-Jan-17
Dave Simons	4,000	\$15.00	3-Year Cliff on Original Start Date	1-Jan-17
Peter Heinke	4,000	\$15.00	3-year, No Cliff	1-Jan-17
Alim Dhanji	4,000	\$15.00	3-year, No Cliff	1-Jan-17
Mike Roberts	3,000	\$15.00	3-year, No Cliff	1-Jan-17
Hayeon Kim	3,000	\$15.00	3-Year Cliff on Original Start Date	1-Jan-17

Approval Required: To approve the option grants recommended above.



FOIA CONFIDENTIAL TREATMENT REQUESTED

KIK_FOUNDATION_CAP_005716

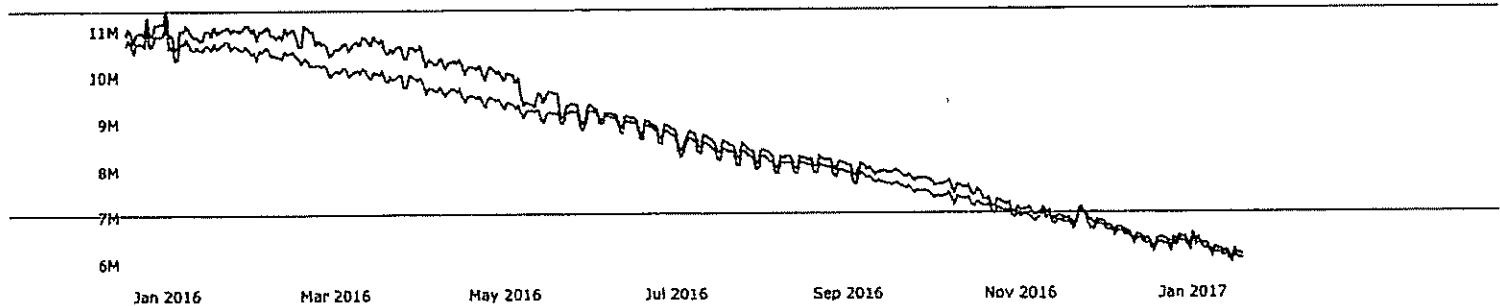
Wellington

Our Metrics Continue to Decline

FOIA CONFIDENTIAL TREATMENT REQUESTED

KIK_FOUNDATION_CAP_005717

DAU continues to decline

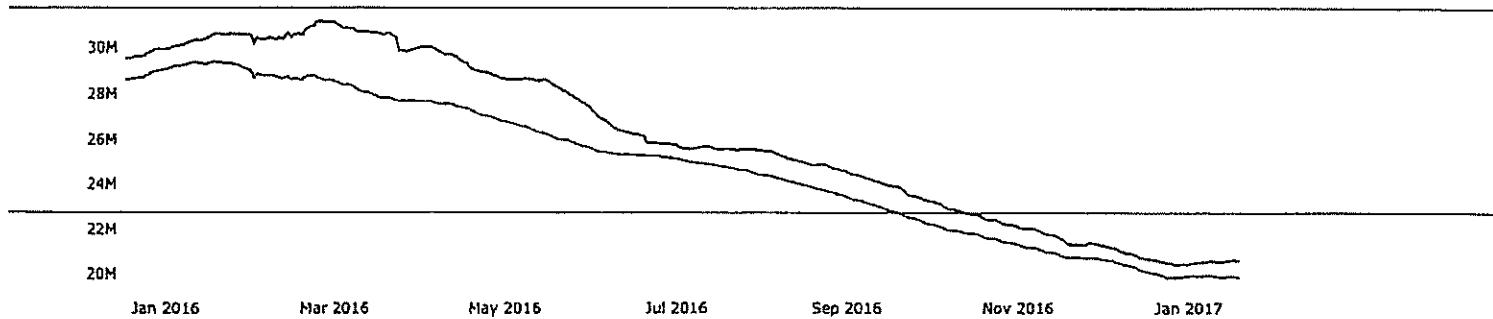


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KIK_FOUNDATION_CAP_005716

MAU continues to decline

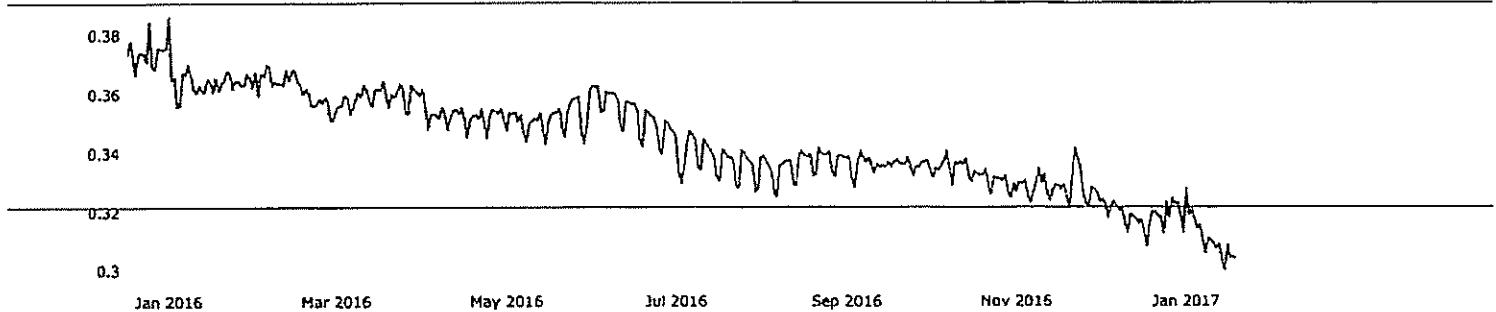


14 

FOIA CONFIDENTIAL TREATMENT REQUESTED

KIK_FOUNDATION_CAP_005719

DAU/MAU continues to decline

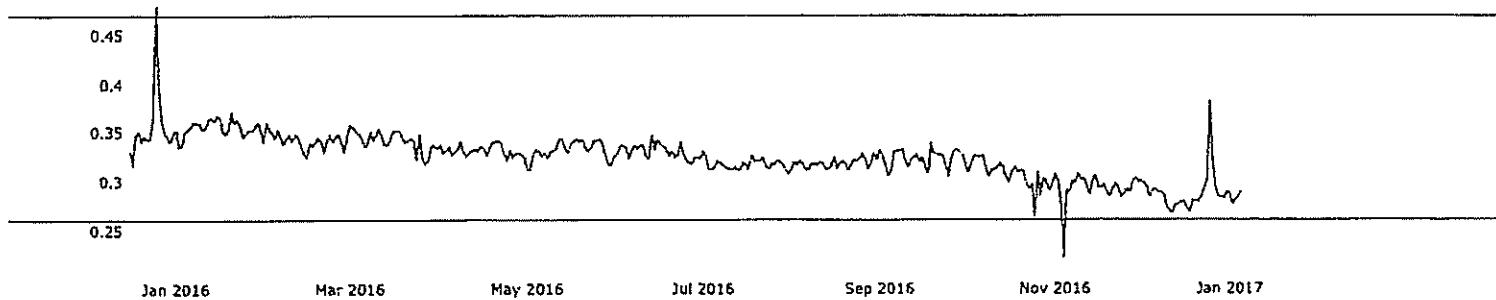


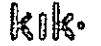
15 

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KIK_FOUNDATION_CAP_005720

Activation continues to decline

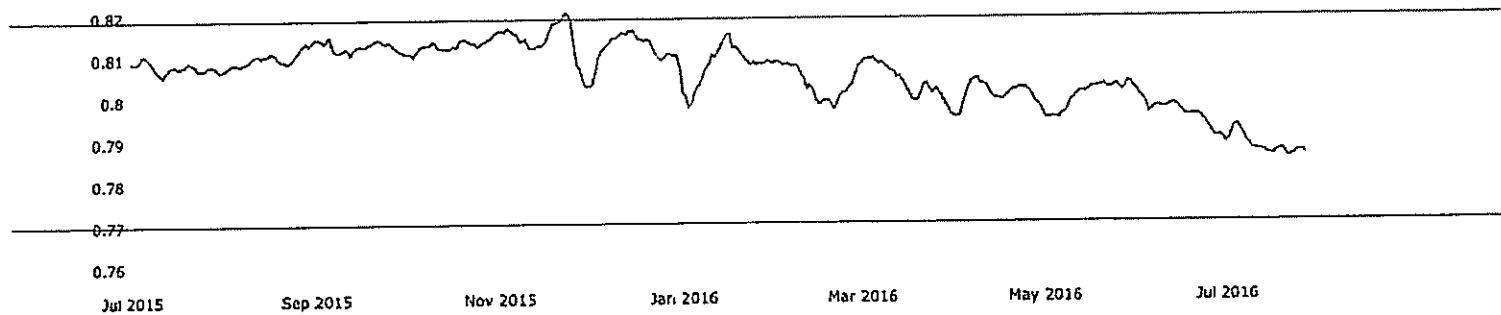


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FOIA CONFIDENTIAL TREATMENT REQUESTED

KIK_FOUNDATION_CAP_005721

Retention continues to decline



17 KIK

FOIA CONFIDENTIAL TREATMENT REQUESTED

KIK_FOUNDATION_CAP_005722

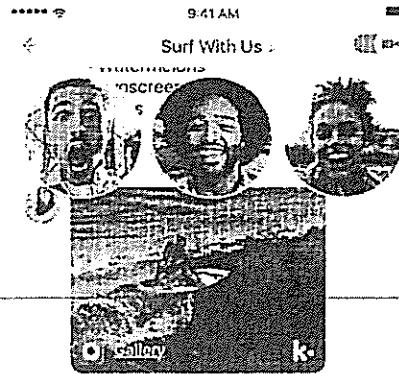
Two Bright Spots

FOIA CONFIDENTIAL TREATMENT REQUESTED

KIK_FOUNDATION_CAP_005723

One: The Team in Tel Aviv is Awesome

Released Video V1



+ Tap to start message

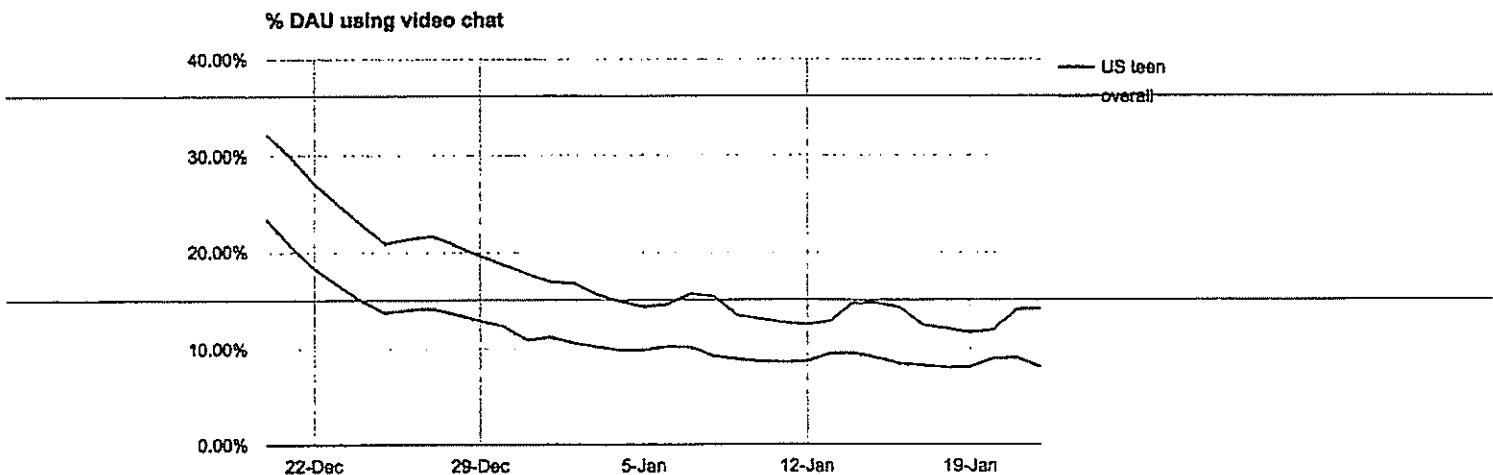
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20 KIK>

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KIK_FOUNDATION_CAP_005725

People are using it



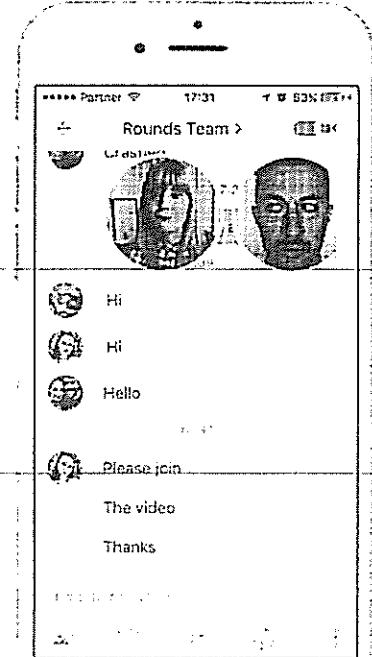
21 

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KIK_FOUNDATION_CAP_005726

Up Next

- Improve introduction/discovery
 - Tap on Profile Pic-to-Join
 - Hint on Video Chat Slider
- Improve funnel for joining a call
 - Add sound-to-push-notification
 - Show "Waiting" Animation
- Prioritize v2 vs. other growth features
 - Video chat effects



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KIK

Kik Tel Aviv Team

- 35 employees
 - 28 strong engineers
- Key Personnel
 - Dany Fishel (CEO & Co-founder)
 - Ilan Leibovich (CPO & Co-founder)
 - Aviv Laufer (CTO)
 - Eran Ben Ari (VP, Product)



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KIK_FOUNDATION_CAP_005725

Potential Focus Areas We Can Shift To Tel Aviv

- Push notification - full ownership
 - Product/engineer/BI - enabler to all squads
 - Marketing, promotion & calls for action segmentation based on user journey
- Data infrastructure - Server & Client
 - Focus on key verticals/funnels in the app in which visibility can drive growth.
 - Keep the two data infrastructures for limited time to ensure credibility and trust
 - Optimize for real time data.
 - Save costs.
- Media as a vertical (Photos/Videos/Audio).
 - Focus on core functionality improvement and user delight
 - It's not a clear cut that this will drive direct growth of DAU.

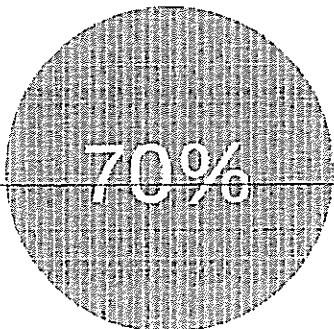
24 

Two: Early Data From Public Groups is Promising

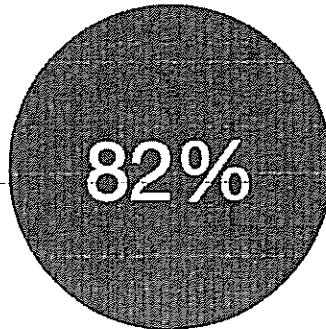
FOIA CONFIDENTIAL TREATMENT REQUESTED

KIK_FOUNDATION_CAP_005730

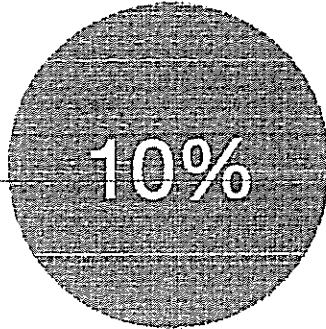
The single biggest driver of activation and retention is “do you make a 2 day friend in your first week on Kik?”



Percentage of the users retained for 30 days who made a 2 day friend in week 1



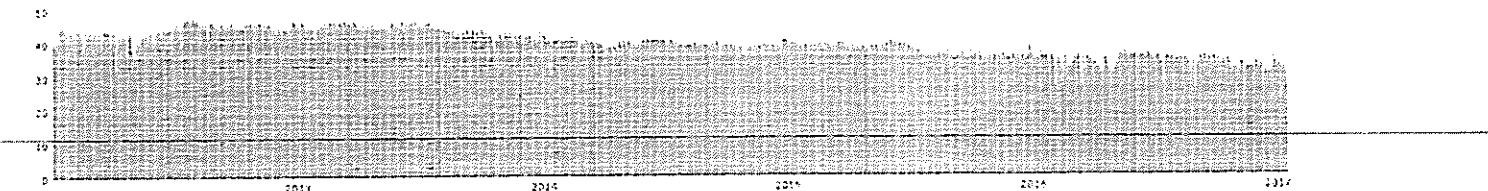
Percentage of the users retained for 90 days who made a 2 day friend in week 1



Improvement in week over week retention over those who didn't make a two day friend in week 1

26

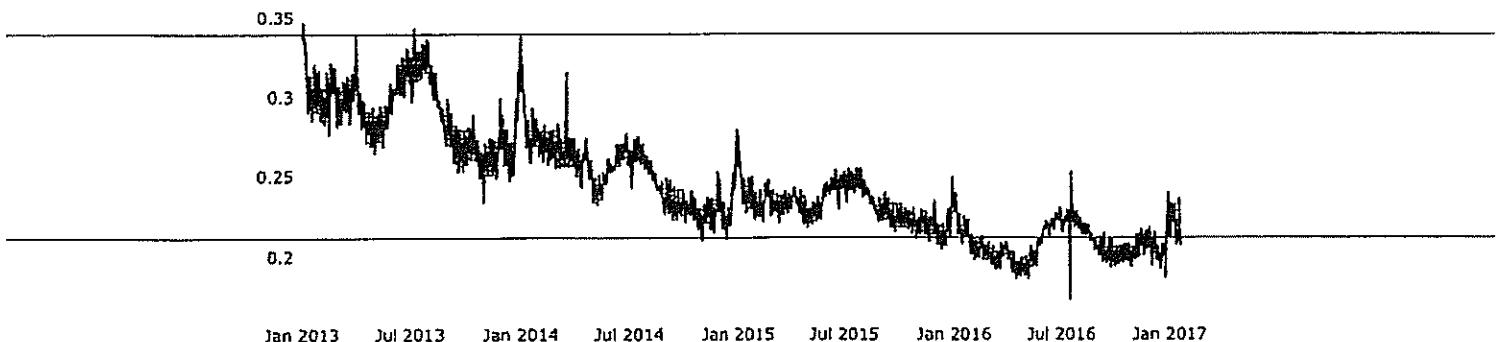
New users haven't been making 2 day friends like they used to



% of new users who make a 2 day friend in their first week

27 

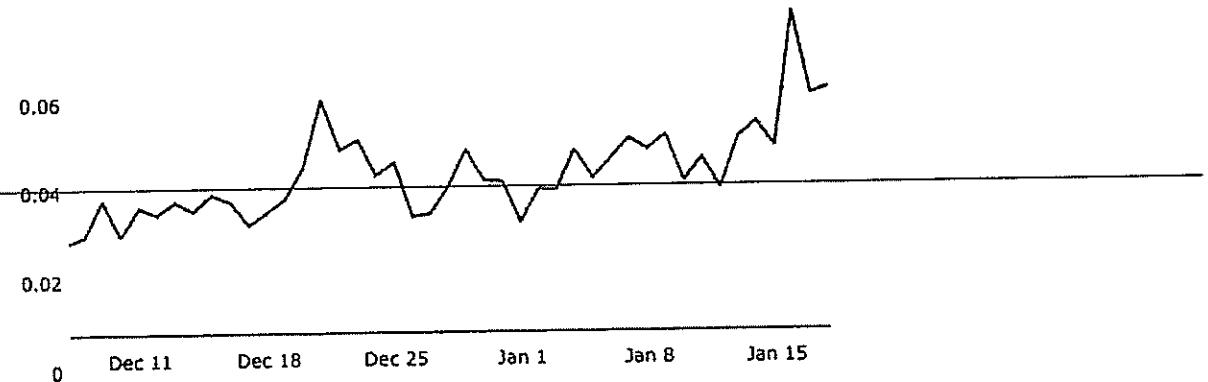
Existing users haven't been making new 2 day friends like they used to either



of new 2 day friends existing DAU make per day

28 

Already 5% of all 2 day friends in the AB test group are coming from public groups

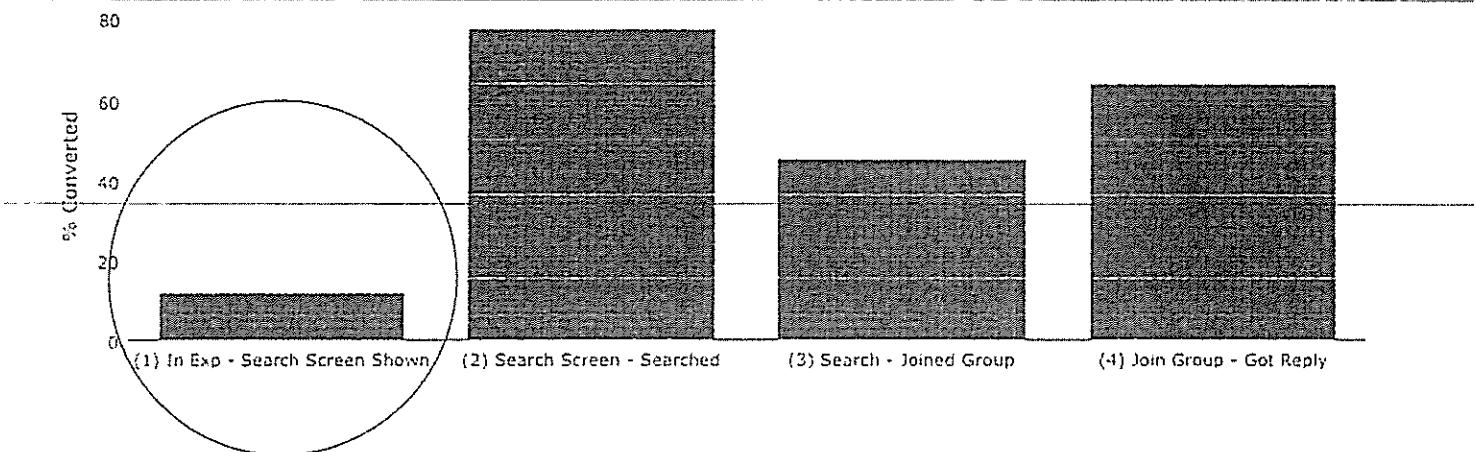


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KIK_FOUNDATION_CAP_005734

Even though only 13% of users in the AB test group have discovered the feature, something we can fix



30

Table

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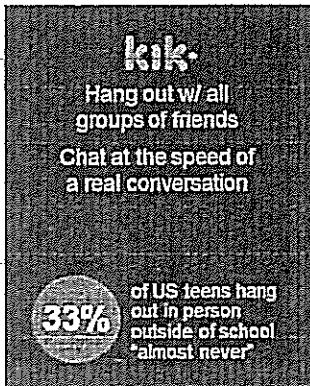
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We plan to go to 100% roll out January 31st

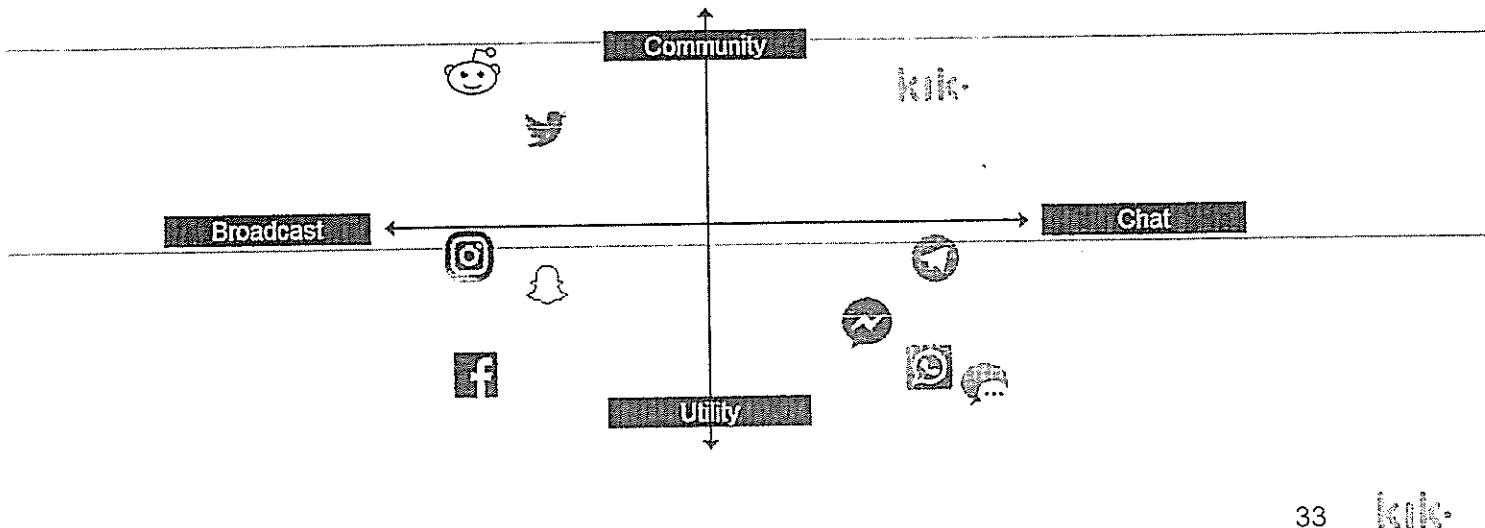
EVAN ROGERS  11:50 AM <input type="radio"/> Public Groups <input checked="" type="radio"/> Private Groups	EVAN ROGERS  11:50 AM <input checked="" type="radio"/> Makeup <input type="radio"/> Cancel
#EvansPrivateGroups	
 #Apple	 Makeupboys makeupboys 11/10
 #Drake	 The cool group thecoolgroup 11/10
 #Makeup	 Makeup makeup 11/10
 #Friends	 Makeup makeup 11/10
#ShaneDawson	 Makeup Tutorials makeuptutorials 11/10
 #Xbox	 The "Squad" thesquad 11/10
 #Football	 makeup pros forever makeupprosforever 11/10
 #SuperGirl	 Sparkle Heads sparkleheads 11/10

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Public groups aligns well with why people already use Kik

			
Chat w/ family/acq.	Chat w/ family/friends	Int'l friends/family	Hang out w/ all groups of friends
Look at others' post	Get something done	Catch up w/ different friendship groups	Chat at the speed of a real conversation
Post big moments	Professional convos		
			
Share every moment	To video chat for homework	To video chat w/ older generations	
Let loose/be authentic	Professional convos	To make int'l calls	
People's stories			 <p>33% of US teens hang out in person outside of school "almost never"</p>

Public groups will increasingly put Kik in a unique space we think we can own



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KIK_FOUNDATION_CAP_005735

Extending Runway

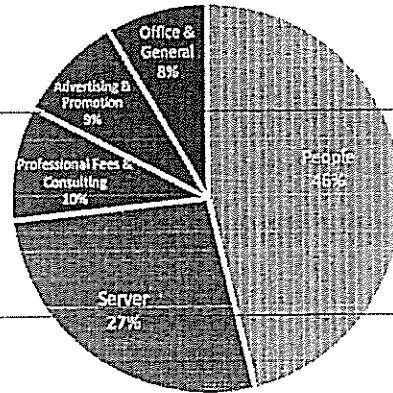
FOIA CONFIDENTIAL TREATMENT REQUESTED

KIK_FOUNDATION_CAP_005739

Where are we at now?

Current Situation

- \$26M in cash
- \$3.1M current burn
- Runway to September 5, 2017



What do we need?

- Projected max deficit of \$26M (Credit Suisse Plan)
 - Bottom in July 2018
 - Assumes commencement of revenue in September 2017
 - \$30M+ required to finance business to stay on plan

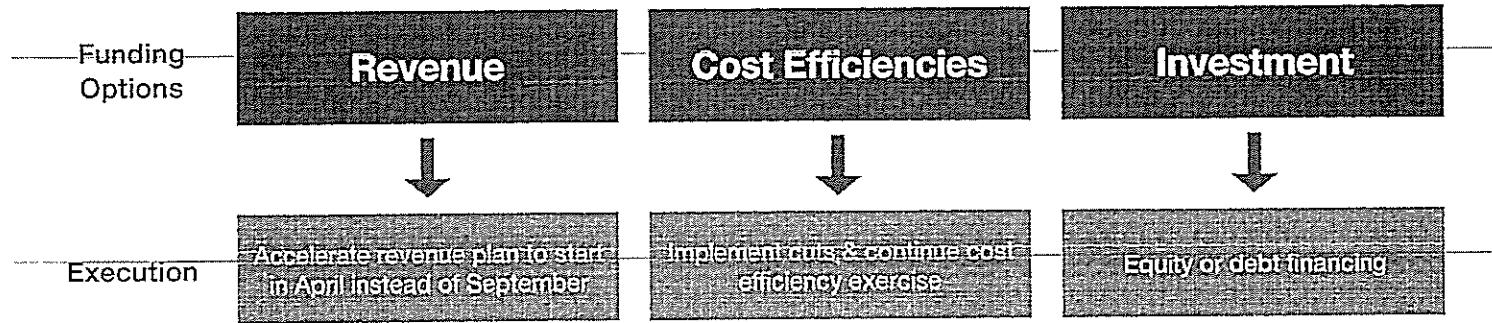
What are our options?

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KIK_FOUNDATION_CAP_005741

Funding Alternatives



Revenue Acceleration - Promoted Content

Current Plan

- Launch revenue streams in September 2017

Alternative

- Launch starting in April 2017

Financial Impact:

	Flat User Base	User Growth
Incremental Revenue	\$1.4M	\$2M
Estimated Impact on Runway	14 Days	21 Days

* Incremental during period from April to September

Key Considerations

Pros	Cons
<ul style="list-style-type: none"> • Reduces financing risk for new investment • Revenue execution 3 months ahead 	<ul style="list-style-type: none"> • Requires focus and investment • Negligible impact on runway

Other Revenue Sources

Banner Ads

- Large inventory of potential impressions on Chat List or Find Friends page
- Intrusive to users

Location possibilities & potential yield being considered - estimated possible revenue \$125k-\$250k a month

Expenses Under Review

	% Reduction	\$ Impact During Runway Period	Description
Server Expense	20%	980,000	Assessing movement to Cloud for server expenses
Marketing Expense	50%	1,180,000	Review marketing expenses - market activations, research, public relations
Legal Expenses	70%	600,000	Reduction in legal expenses from budget related to Opperman settlement
Potential Savings		2,760,000	
Estimated Impact on Runway			24

Runway extended to September 29, 2017 with the above cost reductions

Cost Efficiencies: Scenarios Overview

	Revised Forecast	Hiring Freeze	Headcount reduction of 20%	Headcount reduction of 50%	Headcount reduction of 80%	Headcount reduction of 100%
Headcount (Sept 2017)	182	165	132	83	34	0
Impact on Operations	Repurpose spend for immediate impact & runway extension	Moderation & Technical additions delayed	Close NYC and layoff marketing, communications and reduce operational teams (HR, Admin)	Close Israel office, close bot platform/ Toronto office, reduce Waterloo team by 25%	Keep server & moderation teams with limited operations	Shut down app and repurpose funds
Adjusted Runway Projection*	September 29, 2017 or 24 additional Days	October 8, 2017 or 33 additional days	October 27, 2017 or 52 additional days	March 31, 2018 or 6 additional months	August 1, 2018 or 11 additional months	Leaves approximately \$10-12M

*Assumes expense cuts on the previous slide

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Investment Alternatives



Re-engage Strategics from Credit Suisse Process



Strategic Investment – Banks



Strategic Investment – Cloud/AI



Venture Debt



Cryptocurrency

Re-engage Strategics

Target Partners

- Amazon, Rakuten, Tencent & other Credit Suisse

Current Status

- Received feedback from initial acquisition process that acquisition is unlikely at this stage
- Going back to potential partners who indicated strategic investment may be a fit

Key Considerations

Pros	Cons
<ul style="list-style-type: none">• Leverage resources & acquirer's innovation, technology• Set us up for future acquisition	• Unlikely without turning growth-around

Action Items

- Current: Evaluating strategic fit and requisite pitch
- Next steps: Coordinate discussions for strategic investment by February 21, 2017

Strategic Investment - Banks

Target Partners

- Primary targets: Canadian Big 4 due to personal relationships
- Secondary targets: US banks

Current Status

- Joint-venture for payments platform; sell exclusivity period for access to Kik users

Key Considerations

Pros	Cons
<ul style="list-style-type: none"> • Established relationships; previously expressed interest • Accelerates payments 	<ul style="list-style-type: none"> • Requires growth resources • Banks are slow moving

Action Items

- Current: Meeting with Scott Bonham (Scotia) Jan 25, Teri Currie (TD) Jan 26, Victor Dodig & David Williamson (CIBC) Feb 16, RBC Date TBD
- Next steps: Develop strong use case and pitch by February 28, 2017

Strategic Investment - Infrastructure

Target Partners

- Primary targets: IBM, Microsoft, Amazon, Google

Current Status

- Being assessed with Dave Simons & Aviv Laufer as part of server cost analysis

Key Considerations

Pros	Cons
• Efficiencies related to server & moderation	• Forces technical decisions based on financing
• Investor would pick up current server spend	• Increased cost & focus required to change servers
• Access to chatbot ecosystem	

Action Items

- Review under way
- Being discussed with Credit Suisse

Venture Debt

Target Partners

- WTI, Tennenbaum, Caravan, Hercules, Comerica, Silicon Valley Bank

Current Status

- Held initial conversations with target partners but expressed little interest with user decline

Key Considerations

Pros	Cons
• Limited dilution	• More senior issuance
• Easier to obtain	

Action Items

- Current: Wait to see Groups impact on userbase before reapproaching
- Next steps: Develop strong use case and pitch by Feb 28, 2016

*Dependency: Indication of support from current investors

Cryptocurrency

Current Status

- Consider launching a new cryptocurrency called "Kik Coins"
- Use Kik Points results to market Kik Coins (5x more daily transactions of Kik Points than all other cryptocurrencies combined)
- Sell a block of Kik Coins to finance the business

Key Considerations

Pros	Cons
<ul style="list-style-type: none"> • New way to raise funds that is in vogue • Immediate value exchange on Kik to power transactions 	<ul style="list-style-type: none"> • Large pivot in business model • Could impact brand if unsuccessful

Action Items

- Current: Strategic analysis of potential market entrance
- Next steps: Engage potential partners

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KIK_FOUNDATION_CAP_005752

Recommended Action Plan

Source	Current	Early February	Late February	March/April	May +
Cost Efficiencies	Decide as board at what level we want to cut		Execute decision		
Strategic Investment	Continue with CS Process	Re-engage potential partners			
Strategic Investment (Banks)	First touch points with big 4 banks; evaluating potential partners	Develop strong use case and pitch	Engage banks with vision and pitch		
Venture Debt	Establish touch-point with banks and update user metrics and progress	Establish support from current investors		Engage lender	
Other Revenue Sources				Build out infrastructure for Banner Ads	Launch banner & video ads
Cryptocurrency	Evaluate opportunities in cryptocurrency and potential implementation strategy	Engage potential partners for initial case study development	Assess potential of pivot to cryptocurrency		Launch cryptocurrency and crowd sale

FOIA CONFIDENTIAL TREATMENT REQUEST

KIK_FOUNDATION_CAP_095754

Future Board Meetings

FOIA CONFIDENTIAL TREATMENT REQUESTED

KIK_FOUNDATION_CAP_005755

Future Board Meetings

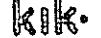
Future Board Meetings*

- Wednesday May 3, 2017 – Waterloo
- Wednesday August 2, 2017 - Waterloo
- Wednesday November 1, 2017 - NY
- Wednesday February 7, 2018 - San Francisco

Interim Board Calls (Proposed, TBC)

- Wednesday March 15, 2017
- Wednesday June 14, 2017
- Wednesday September 13, 2017

*Meetings may take place via Video Conference as needed

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FOIA CONFIDENTIAL TREATMENT REQUESTED

KIK_FOUNDATION_CAP_005758

Updates

FOIA CONFIDENTIAL TREATMENT REQUESTED

KIK_FOUNDATION_CAP_005757

Summarized Capitalization Table (Dec 2016)

	Shares Authorized	Shares Issued and Outstanding	Common Stock Equivalent	Shares in Escrow or Committed	Fully Diluted Shares	Fully Diluted Ownership
Common Stock classes						
Common Stock	99,999,999	11,891,600	11,891,600	15,972	11,907,572	
Section 102 Options (30.05 Exercise Price)	240,850			240,850	240,850	
Total Common Stock issued and outstanding			11,891,600		12,150,422	48.3%
Preferred Stock classes						
Series A Preferred Stock	4,000,000	3,699,900	3,699,900		3,699,900	
Class A-1 Preferred Stock	878,294	497,349	497,349	380,945	878,294	
Series B Preferred Stock	1,779,990	1,779,990	1,779,990		1,779,990	
Series C Preferred Stock	1,651,481	1,651,481	1,651,481		1,651,481	
Series D Preferred Stock	1,178,045	1,178,045	1,178,045		1,178,045	
Total Preferred Stock issued and outstanding			8,809,765		9,187,710	36.5%
Employee Stock Option Plan						
RSAs board approved	4,609,857					0.0%
Options issued and outstanding			3,057,920		3,057,920	12.1%
Shares available for issuance under the plan			784,637		784,637	3.1%
Total fully diluted					25,155,269	100.0%

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Option Grants

New Employees					
Grant Date*	Name	# of Options	Exercise Price**	Vesting Period	Vesting Start Date**
	Ashley Goldstein	3,500	\$15.00	4-Year CMF	9-Jan-17
	Tony Da	2,300	\$15.00	4-Year CMF	16-Jan-17
	Xueshan Yu	2,300	\$15.00	4-Year CMF	28-Nov-16
	Jason Landry	4,000	\$15.00	4-Year CMF	10-Jan-17

Promotions					
Grant Date*	Name	# of Options	Exercise Price**	Vesting Period	Vesting Start Date**
	Derek Leber	2,000	\$15.00	1/48 monthly, no diff	3-Jan-17
	Brandon Brunet	1,000	\$15.00	1/48 monthly, no diff	3-Jan-17
	Michelle Angemeyer	500	\$15.00	1/48 monthly, no diff	3-Jan-17
	Anthony Wong	1,000	\$15.00	1/48 monthly, no diff	3-Jan-17

Executive Grants					
Granted in lieu of annual salary increase and approved at compensation committee December 9, 2017					
Grant Date*	Name	# of Options	Exercise Price**	Vesting Period	Vesting Start Date**
	Erin Cift	4,000	\$15.00	3-year, No CMF	1-Jan-17
	Erin Cift	6,000	\$15.00	4-Year CMF on Original Start Date	1-Jan-17
	Christina MacDonald	3,000	\$15.00	3-year, No CMF	1-Jan-17
	Christopher Best	4,000	\$15.00	3-year, No CMF	1-Jan-17
	Dave Simons	4,000	\$15.00	3-Year CMF on Original Start Date	1-Jan-17
	Peter Heinke	4,000	\$15.00	3-year, No CMF	1-Jan-17
	Alim Dharki	4,000	\$15.00	3-year, No CMF	1-Jan-17
	Mike Roberts	3,000	\$15.00	3-year, No CMF	1-Jan-17
	Hayeon Kim	3,000	\$15.00	3-Year CMF on Original Start Date	1-Jan-17

* Option Committee not yet held due to potential change in exercise price

** Proposed Exercise Price of \$10.00 to be approved via Board Resolution February 1, 2017

FOIA CONFIDENTIAL TREATMENT REQUESTED

KIK_FOUNDATION_CAP_005759

Redacted

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KIK

FOIA CONFIDENTIAL TREATMENT REQUESTED

KIK_FOUNDATION_CAP_005760

Rounds Purchase Details

Initial Consideration

Share Class	Shares Granted	Escrow Shares	Price Per Share*	Total
Preferred A-1	497,349	68,180	\$23.95	\$14,023,420
Commons	19,518	0	\$9.34	\$182,298
Commons (Retention - 1/3)	82,950	0	\$9.34	\$774,753
				\$14,980,471

Contingent Consideration

Share Class	Shares Granted	Escrow Shares	Price Per Share*	Total
Preferred A-1	292,765	0	\$23.95	\$7,011,722
Commons (Retention - 2/3)	165,900	0	\$9.34	\$1,549,506
				\$8,561,288

* Per latest 409A Valuation

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Integrating Kik Tel Aviv

- 35 talented employees joined Kik
- Dany Fishel joined Kik's executive team
- Plans in place to integrate Tel Aviv within 30-60 days
 - Strategy, Product and Marketing Workstream
 - People, Culture and Process Workstream
- *Strong bias:* quickly optimize and leverage the Tel Aviv team to contribute to growth

Integrating Kik Tel Aviv

Strategy, Product & Marketing

- ✓ RACI & Mission of the TLV team
- ✓ 90 day product roadmap (video)
- ✓ Go to market plan
- ✓ PR campaign
- Notifications feature
- Data/server efficiency

People, Culture & Process

- ✓ Onboarding of the TLV team
- ✓ Leveraging TLV beyond video
 - Employee engagement plan
 - Communications
- Policies

Insurance Coverage

See Appendix #5

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FOIA CONFIDENTIAL TREATMENT REQUESTED

KIK_FOUNDATION_CAP_005764

Financial Update

FOIA CONFIDENTIAL TREATMENT REQUESTED

KIK_FOUNDATION_CAP_005765

2016 Audited Financial Statements

Audited Financial Statements have been released by KPMG.

See Appendix #6.

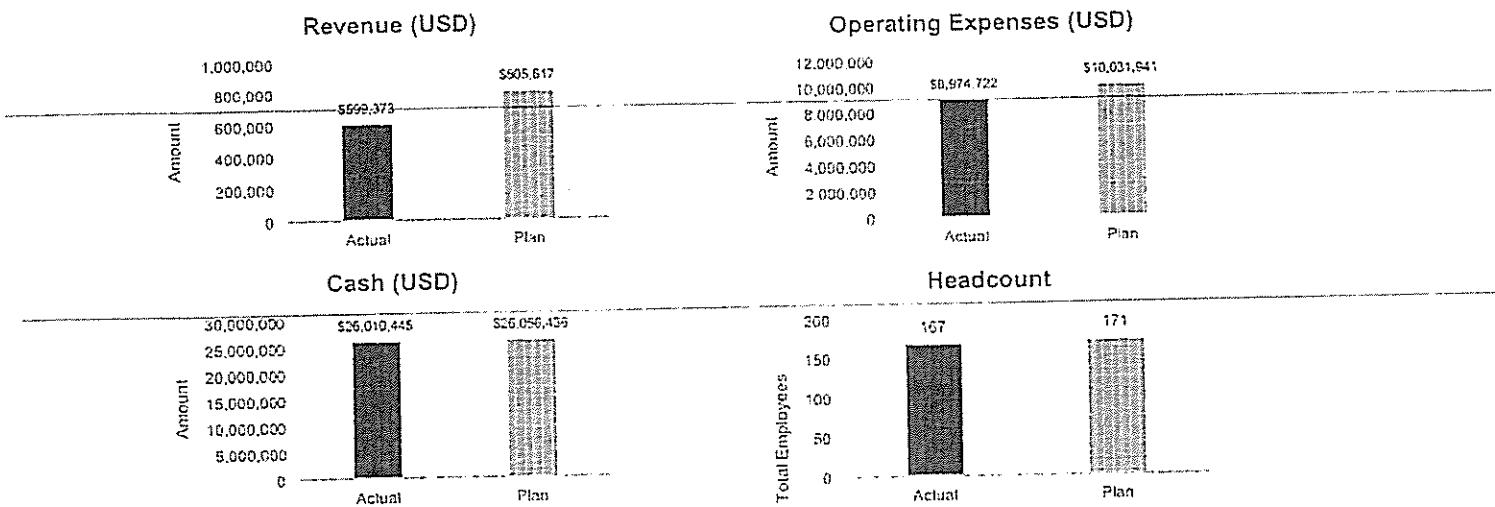
61

KIK

FOIA CONFIDENTIAL TREATMENT REQUESTED

KIK_FOUNDATION_CAP_005766

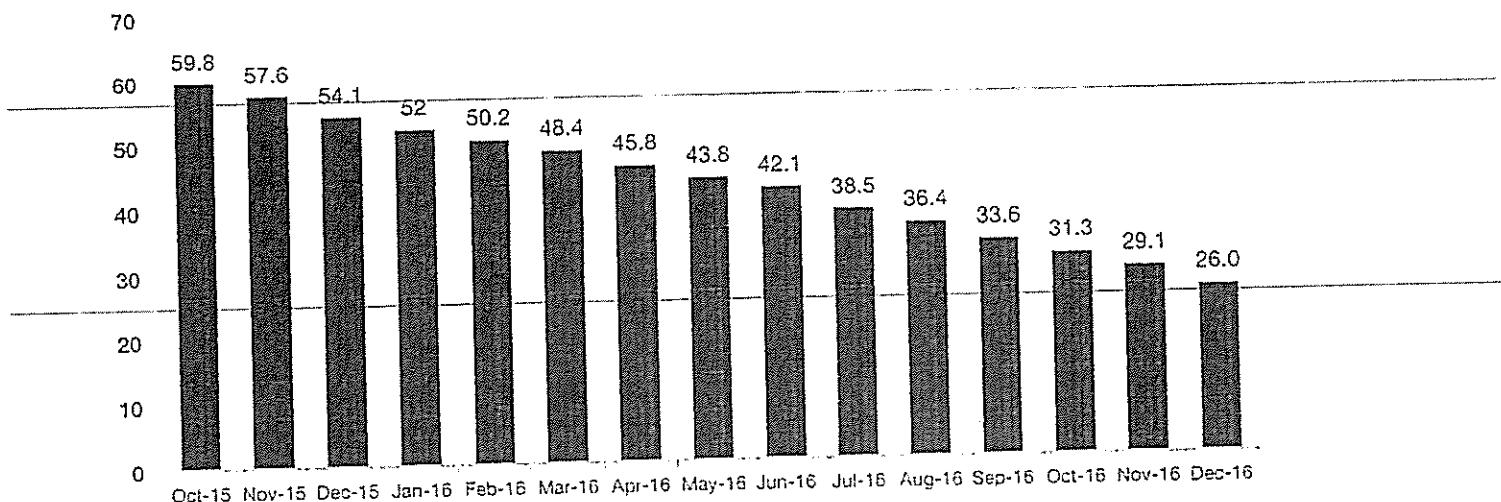
Financial Overview: Oct - Dec 2016

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FOIA CONFIDENTIAL TREATMENT REQUESTED

KIK_FOUNDATION_CAP_005787

Cash (MMs)



63 KIK

FOIA CONFIDENTIAL TREATMENT REQUESTED

KIK_FOUNDATION_CAP_005768

Budget vs. Actual: Oct-Dec 2016

Cash Opening Balance	\$33,586,743	\$33,586,745	\$0	0%
Income:				
Kik Points	\$99,373	\$85,617	(\$20,244)	-34% - Sunset revenue to shift focus on growth
Total Income	\$99,373	\$85,617	(\$20,244)	-34%
Cost of Goods Sold:				
COGS - Kik Points	(\$4,191)	50,212	(\$50,403)	264% - Kik Points redemptions exceeding new issuance
Total Cost of Goods Sold	(\$4,191)	50,212	(\$50,403)	264%
Gross Margin	\$93,984	\$749,405	(\$115,445)	-12%
Operating Expenses:				
Server	2,229,365	1,996,307	200,578	10% - Increased cost associated with data consumption and in-house analytics platform
Salaries and Benefits	3,021,157	3,327,164	(\$306,007)	+10% - Actual headcount (133) behind plan (137)
Technical Expenses	527,831	567,456	(\$39,627)	+8% - Technical costs decreasing due to sur setting of Kik Points
Office and General	611,064	592,941	18,124	-3%
Professional Fees and Consulting	327,791	683,096	(\$355,307)	+103% - Moderation brought in-house; initial expectation was that moderation would be externally
3rd Party Development	46,677	53,673	(\$6,796)	+14% - Moving away from contracting third-party for development (focus in-house)
Advertising and Promotion	420,313	721,688	(\$301,375)	+73% - Key initiatives in market insights and activations have been delayed
Travel, Meals and Entertainment	271,251	255,934	17,325	-5% - Costs exceeded budget due to Rounds acquisition
Legal Expenses	1,279,434	537,099	741,635	58% - Inurred significant legal expenses due to Rounds acquisition (including severance)
Rounds	240,000	1,295,579	(\$1,055,579)	100% - November/December costs incurred by Rounds
Total Operating Expenses	\$6,974,722	\$10,031,541	(\$3,057,219)	-12%
EBITDA	(\$8,341,158)	(\$9,262,536)	\$941,378	-11%
Other Income/Expenses				
	(228,250)	(191,191)	(\$37,068)	16% - \$55k loss on CDN held funds +\$145k in amortization of Blyck asset
Net Income	(\$8,569,417)	(\$9,473,727)	\$94,311	-11%
Temporary Differences	(93,117)	(1,643,416)	900,302	-6.6% - Budgeted for Rounds cash pick up of 1.4M
Cash Ending Balance	\$76,016,445	\$26,056,438	(\$45,921)	0%

See Appendix #7 for Quarterly Financial Statements

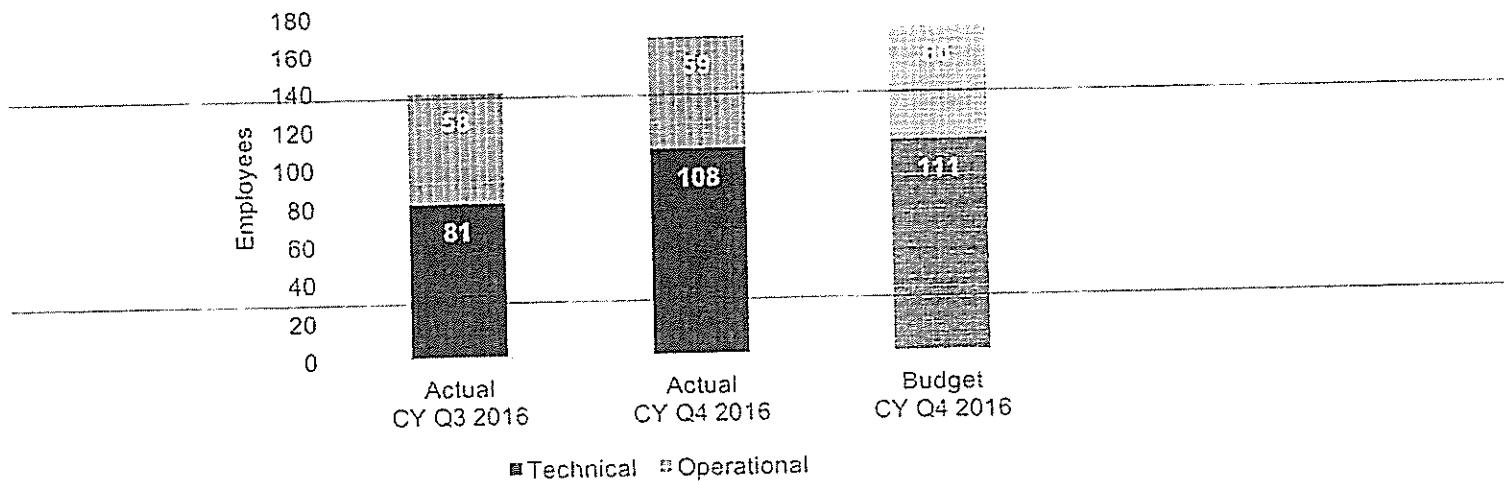
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FOIA CONFIDENTIAL TREATMENT REQUESTED

KIK_FOUNDATION_CAP_005769

Headcount – Budget vs. Actual



*Includes Kik Israel

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FOIA CONFIDENTIAL TREATMENT REQUESTED

KIK_FOUNDATION_CAP_005770

High Level Cash Flow

Actual Cash - October 1, 2016	\$33.59
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Cash Flow from Operations	(7.57)
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Cash Flow from Financing	0.00
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Cash Flow used in Capital Investments	(0.00)
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Actual Cash - December 31, 2016	\$15.08
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